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Fortieth session
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Geneva, 18 April 1994
Agenda item 5

HIGH-LEVEL INTERGOVERNMENTAL MEETING ON THE MID-TERM GLOBAL REVIEW OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

Draft decision submitted by Bangladesh on behalf of the least developed countries

The Trade and Development Board,

Recalling the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries, and the Cartagena Commitment adopted at the eighth session of UNCTAD,

Further recalling General Assembly resolution 48/171 of 21 December 1993 in which it decided, in paragraph 16, to convene a High-level Intergovernmental Meeting to conduct, in accordance with paragraph 140 of the Programme of Action and its resolution 45/206 of 21 December 1990, a Mid-term Global Review on the implementation of the Programme of Action in the early part of September 1995, or any other suitable date during the second half of 1995,

Recalling also that General Assembly resolution 48/171, in paragraph 18, requested the Trade and Development Board to consider, at its spring session in 1994, the elaboration of the preparatory activities for the Mid-term Global Review Meeting, including intergovernmental, expert, sectoral and inter-agency preparatory meetings and the substantive documentation,

Noting that the prime objective of the Programme of Action is to arrest the further deterioration in the socio-economic situation of the least developed countries, to reactivate and accelerate their growth and development and in the process, to set them on the path of sustained growth and development,

Emphasizing that the Mid-term Global Review of the implementation of the Programme of Action provides a unique opportunity for the least developed countries and their development partners to take new measures with a view to enhancing the implementation of the Programme of Action during the rest of the 1990s,

Stressing that adequate resources should be provided to ensure full and effective participation of LDCs in the High-level Intergovernmental Meeting and its preparatory process,

1. Recommends to the General Assembly that:

(a) The High-level Intergovernmental Meeting should be convened from 26 September to 6 October 1995, to be preceded by a one-day meeting of senior officials on 25 September 1995;

(b) The High-level Intergovernmental Meeting should, in accordance with General Assembly resolution 45/206, carry out the Mid-term Global Review of the situation of LDCs, consider new measures as necessary, and accordingly report to the General Assembly on progress made in the implementation of the Programme of Action;

(c) In order to prepare for the High-level Intergovernmental Meeting, one session of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries should be convened in early 1995 for the duration of one week;

(d) Regional follow-up meetings should be organized by the relevant regional commissions, in close co-ordination with UNCTAD;

(e) Sectoral appraisals should be undertaken by United Nations system agencies in their respective fields;

(f) An inter-agency meeting should be convened in early 1995;

2. Welcome the steps initiated by the UNCTAD secretariat to convene preparatory expert group meetings and urges donors to provide adequate extrabudgetary resources for that purpose, including for the preparation of substantive documentation;

3. Invites the Secretary-General of UNCTAD to start consultations as soon as possible, in accordance with General Assembly resolution 48/171 of 21 December 1993, with a view to enabling the General Assembly at its forty-ninth session to decide on the venue for the High-level Intergovernmental Meeting;

4. Recommends to the General Assembly to defray the cost of participation of two representatives from each LDC in the High-level Intergovernmental Meeting from the regular budget of the United Nations;

5. Requests the General Assembly to ensure that UNCTAD has sufficient resources and capacity to make necessary preparations for the High-level Intergovernmental Meeting and its follow-up;

6. Requests the Secretary-General of UNCTAD to submit to the Trade and Development Board at its forty-first session, second part, a report on the progress made in the implementation of the present decision.

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Special Sessional Committee

HIGH-LEVEL INTERGOVERNMENTAL MEETING ON THE MID-TERM GLOBAL REVIEW OF THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

Draft decision submitted by Chile on behalf of the Group of 77 and China

The Trade and Development Board,

Recalling the Paris Declaration and the Programme of Action for the Least Developed Countries for the 1990s, adopted by the Second United Nations Conference on the Least Developed Countries, and the Cartagena Commitment adopted at the eighth session of UNCTAD,

Further recalling General Assembly resolution 48/171 of 21 December 1993 in which it was decided, in paragraph 16, to convene a High-level Intergovernmental Meeting to conduct, in accordance with paragraph 140 of the Programme of Action and its resolution 45/206 of 21 December 1990, a Mid-term Global Review on the implementation of the Programme of Action in the early part of September 1995, or any other suitable date during the second half of 1995,

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Noting that the prime objective of the Programme of Action is to arrest the further deterioration in the socio-economic situation of the least developed countries, to reactivate and accelerate their growth and development and in the process, to set them on the path of sustained growth and development,

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(c) In order to prepare for the High-level Intergovernmental Meeting, one session of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries should be convened in early 1995 for the duration of one week;

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(e) Sectoral appraisals should be undertaken by United Nations system agencies in their respective fields;

(f) An inter-agency meeting should be convened in early 1995;

2. Welcomes the steps initiated by the UNCTAD secretariat to convene preparatory expert group meetings and urges donors to provide adequate extrabudgetary resources for that purpose, including for the preparation of substantive documentation;

3. Invites the Secretary-General of UNCTAD to start consultations as soon as possible, in accordance with General Assembly resolution 48/171 of 21 December 1993, with a view to enabling the General Assembly at its forty-ninth session to decide on the venue for the High-level Intergovernmental Meeting;

4. Recommends to the General Assembly to defray the cost of participation of two representatives from each LDC in the High-level Intergovernmental Meeting from the regular budget of the United Nations;

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6. Requests the Secretary-General of UNCTAD to submit to the Trade and Development Board at its forty-first session, second part, a report on the progress made in the implementation of the present decision.

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Special Sessional Committee

DRAFT REPORT OF THE SPECIAL SESSIONAL COMMITTEE

Rapporteur: Mr. H. Aschentrupp (Mexico)

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Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated by Friday, 6 May 1994 at the latest to:

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REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990S

(Agenda item 5)

1. For its consideration of this item, the Special Committee had before it the following documentation:

Least Developed Countries 1993-1994 Report (TD/B/40(2)/11 and Overview).

2. The Chairman said that the Committee was entrusted with the tasks of reviewing progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s and elaborating the preparatory activities for the Mid-term Global Review of the Programme of Action. The Least Developed Countries Report was the only report in the United Nations system on LDCs, and as such it had very special relevance to the LDCs, as well as to their development partners.

3. In its resolution 48/171, the General Assembly had decided to convene a High-level Intergovernmental Meeting to carry out the Mid-term Global Review on the implementation of the Programme of Action in 1995. The General Assembly had requested the Board to consider, at the present session, the elaboration of the preparatory activities for the Mid-term Global Review, including intergovernmental, expert, sectoral and inter-agency preparatory meetings and the substantive documentation. The Mid-term Global Review assumed added significance in view of the important developments - notably the enlargement of the list of LDCs - which had taken place since the adoption of the Programme of Action. The implications of that enlargement, particularly in regard to LDCs' external support requirements, needed urgent consideration.

4. He emphasized that the full and effective participation by representatives of LDCs and their development partners in the preparatory activities for the High-level Intergovernmental Meeting and in the Meeting itself was a critical prerequisite for the success of the review. He called for the cost of participation of LDCs in the Mid-term Global Review to be covered under the regular budget of the United Nations.

5. The Director-in-Charge of the Division for Least Developed, Land-locked and Island Developing Countries, referring to the preparations for the Mid-term Global Review of the Programme of Action, described the activities envisaged by the UNCTAD

secretariat to assist intergovernmental work on the preparation for the Mid-term Review. Those activities included expert, inter-agency and regional follow-up meetings. He emphasized the importance of effective and adequate participation of LDC delegations in the High-level Intergovernmental Meeting.

6. Introducing the Least Developed Countries 1993-1994 Report, he said that, besides providing an assessment of socio-economic trends and prospects in LDCs, the Report specifically addressed the question of donor response to the special needs and circumstances of LDCs, as well as two salient issues in human capacity-building, namely health and education. He referred to the improved growth performance of some one-quarter of LDCs, in which per capita output had increased during the 1990s. That had contributed to the increase in the rate of growth of LDCs as a whole to around 2 per cent in 1993. The overall picture, however, remained extremely bleak. The socio-economic situation of African LDCs was a source of particular concern, despite the better growth performance of several of them. He attributed the lack of progress in improving the socio-economic performance of LDCs as a whole in recent years to a number of factors: the failure of reform efforts to promote fundamental structural transformation; the political conflicts and civil strife experienced by an increasing number of LDCs; adverse climatic conditions, exacerbated by high vulnerability to natural disasters; the continued adverse external economic environment facing LDCs, characterized by little progress so far in the implementation of ODA targets adopted in the Programme of Action, the continued heavy debt burden and the severe squeeze on trading opportunities; and finally, the persistent decline in human welfare and inadequate progress in mobilizing and developing human capacities.

7. The good progress in the socio-economic performance of nearly one-quarter of LDCs, including several African LDCs, testified to the validity of the conviction of the international community, as expressed in the Paris Declaration, that the decline in the socio-economic conditions in LDCs was indeed reversible. He stressed that the Mid-term Global Review offered a unique forum where LDCs and their partners could consider and agree on concrete national and international actions to accelerate the pace of the implementation of the Programme of Action.

8. The spokesman for the least developed countries (Bangladesh) said that the UNCTAD secretariat had produced yet another excellent issue of the Least Developed Countries Report. The Report's analyses and information had been particularly useful to LDCs in terms of both national policy-making and negotiating in different fora.

9. It was quite clear that very little progress had so far been achieved in attaining the objective of the Programme of Action in terms of reactivating and accelerating the development process of LDCs. On the contrary, LDCs' economic growth rate continued to remain negative in per capita terms, which meant deteriorating living conditions. That was particularly true in the case of African LDCs, where economic decline continued unabated.

10. There was a dichotomy between the intensified and far-reaching reform efforts of LDCs on the one hand and the lack of progress in providing the requisite support by the development partners on the other, which was viewed with deep concern by LDCs. The level of ODA had remained flat since the adoption of the Programme of Action and, in particular, external support to underpin economic adjustment in LDCs had remained inadequate. Most of the aid flows were tied to projects, whereas a major shift to programme-type assistance was called for to support adjustment. Programme assistance itself was provided in an unpredictable manner. Furthermore, no progress had been made in adjusting ODA targets and commitments in the light of the recent expansion in the list of LDCs. The debt burden of LDCs continued to be exceptionally crushing, and the various debt relief measures introduced so far had clearly proved to be inadequate to provide decisive relief. The external trading environment facing LDCs continued to worsen to the point that their already meagre share in world trade had fallen from 0.6 per cent in 1982 to 0.3 per cent in 1992. The current level of their export earnings was exactly what it had been some 12 years before.

11. The concerns of the LDCs had not been adequately reflected in the Final Act of the Uruguay Round. He earnestly hoped that, in the implementation of the Uruguay Round agreements, the international commmunity would be more responsive to the needs of the LDCS and that the special and differential measures for those countries would be implemented in a supportive manner. He recalled that the Marrakesh Declaration itself had aptly underscored the need for implementation of the special provisions for the LDCs.

12. As regards the question of increased participation of developing countries in international trade and sustainable development, he stressed that financial and technical assistance and foreign investment should form part of the required external support package. It should be ensured that internalisation of environmental costs did not undermine poverty alleviation programmes of the LDCs.

13. The Mid-term Global Review would provide an important opportunity to take full stock of how much LDCs and their partners had done in implementing the Programme of Action, as well as to consider and agree on new measures to speed up the realization of its objectives effectively so that the second half of the decade did not prove to be a lost quinquennium. To facilitate the work of the Committee on the question of preparations for the Mid-Term Global Review, the Group of 77 would table a draft decision and urged the Committee to adopt it. He called upon development partners to provide adequate resources to help in the implementation of the activities related to the Mid-term Global Review.

14. In his capacity as the representative of Bangladesh, he said that his Government had been steadily liberalizing its trade regime, and significant progress had been achieved in recent years in reducing non-tariff restrictions on trade, rationalizing tariff rates and improving export incentives. Most imports were subject to customs duties, with rates averaging around 36 per cent. The number of products subject to import bans had been progressively reduced, and procedures had also been streamlined and liberalized. Customs duties on capital machinery imports for export-oriented industries had been withdrawn, and that had created a favourable climate for investment in export-oriented industries. An export development strategy for 1992-2000 had been developed, and an Action Plan had been prepared to implement the export strategy. Moreover, a National Committee under the Chairmanship of the Prime Minister had been established to solve outstanding problems in the export sector.

15. The spokesman for African LDCs (Sudan) commended the UNCTAD secretariat for the excellent quality of the Least Developed Countries 1993-1994 Report. Since the adoption of the Programme of Action, the plight of the African LDCs had continued to assume tragic proportions and their number had increased to 32, with about 64 per cent of the total population of Africa. Several domestic and external factors had seriously impeded their ability to make the contribution expected of them to the implementation of the Programme of Action. Their aggregate GDP growth was estimated to have been negative in 1992 for the third consecutive year. Estimates for 1993 and projections for 1994 indicated that, while the decline had halted, growth had scarcely resumed. Since 1990, several African LDCs had been engaged in implementing economic reform programmes. The objectives of those programmes, which were initially focused on macro-economic imbalances and stabilization, had become more complex and arduous as they shifted to promoting growth through market-oriented reforms. However, those changes and adaptations in economic policies had largely contributed to higher inflation rates and often exacerbated social tensions

by imposing inequitable burdens of adjustment on the population, particularly on the most vulnerable groups.

16. The serious commitment of the Governments of African LDCs in adopting major reforms had not been accompanied by adequate financial support by development partners. Of the world's 26 severely indebted low-income countries, 18 were African LDCs. The debt relief measures adopted so far were inadequate to restore their external viability. He called for outright debt cancellations, since reschedulings did not resolve the basic debt issue but merely postponed the burden while adding to the debt stock.

17. The African LDCs' heavy dependence on commodity exports was adversely affecting their export earnings. He urged development partners to implement the recommendations of the Programme of Action in the area of diversification by helping LDCs modernize production, as well as distribution and marketing systems. As exporters of primary products, African LDCs weakened by recession, foreign debt and reform programmes were unlikely to be major beneficiaries from any growth in world income resulting from the Final Act of the Uruguay Round. Furthermore, any benefits that those countries might secure were likely to be offset by the erosion of existing preferences. African LDCs that were net importers of food would be hard hit by higher world prices for food products. This called for appropriate compensatory measures to be taken by the international community.

18. With regard to the deepening social crisis in African LDCs, he urged the international donor community to support LDCs' efforts to ensure that the poor had access to health care, education and other services.

19. He stressed the importance of adequate preparations for the Mid-term Global Review and called for adequate financial provision to be made to meet the cost of LDCs' participation. The UNCTAD secretariat should be provided with the necessary resources to help in the implementation of its planned activities for the Mid-term Global Review. He called upon the LDCs' development partners to make available adequate resources in that connection.

20. The spokesman for the Asian Group (Nepal) expressed his appreciation for the Least Developed Countries 1993-1994 Report, and especially for its focus on health and education. The Asian Group stressed that the challenge faced by LDCs was growing. Although certain LDCs had made some progress, that progress was not significant. The case of the African LDCs was particulary worrisome, since their

economic and social performance over the last several years had been poor. Nevertheless, those countries had been bold enough to initiate sweeping reforms.

21. Referring to national experiences with fiscal and trade policy reforms, as well as donors' responses to the needs and circumstances of the LDCs, he said that the Report rightly pointed out that, in the absence of sustained international solidarity in favour of LDCs, the danger of their increased immiserization was very real. He strongly urged the development partners of the LDCs to provide LDCs with the requisite level of official development assistance, to cancel all bilateral debt and also to take measures to reduce the debt stock and debt-service burden for multilateral debt.

22. The representative of Greece, speaking on behalf of the European Union, said that the the General Assembly, in its resolution 48/171, reaffirmed the commitment of all partners to the Paris Declaration and the Programme of Action for the Least Developed Countries and, inter alia, called upon UNCTAD to initiate further innovative measures to provide and mobilize effective support for the implementation of the Programme of Action. He stressed that the particular problems of the LDCs must be addressed whenever they were relevant to the issues on the agenda of the Board or the agendas of subsidiary bodies. He expressed serious concern over the increasing gap between the LDCs and the rest of the developing world.

23. The European Union would have appreciated it if the Least Developed Countries 1993-1994 Report could have been made available on time. As it was, the European Union was not in a position to comment on the Report at the current session. The European Union had initiated separate consultations in Geneva with the least developed countries within the framework of an informal exchange of views on the Mid-term Global Review. It was fully understood that there was a major need for participation of representatives from the capitals of LDCs in the principal meetings of UNCTAD and, on that basis, he confirmed that the European Union would spare no effort in supporting such participation. It was going to explore the possibility of using technical facilities to that end.

24. The European Union was conscious of the different stages of development and problems of LDCs and wished to emphasize that the difficulties that the African LDCs' were facing deserved special attention. The European Union's net disbursements, bilaterally and multilaterally, had stood at approximately $8.1 billion in 1992, almost 50 per cent of the total aid from all sources to LDCs

in that year. The European Development Fund had provided about 11 per cent of the world total and was a much larger donor than any individual State. The average percentage of European Union GNP attributed to the LDCs on an ODA basis had been 0.12 per cent in 1992, with varying levels of donor performance.

25. He reiterated the importance of respect for human rights and good governance for development. A number of lessons could be drawn from the LDCs' experiences: (a) LDCs should, on the one hand, avoid negative elements in their policies and, on the other, take measures conducive to long-term and sustainable development, the promotion of individual initiative and the participation of all their people in the development process; and (b) specific international support measures in areas such as ODA, debt relief and external trade could play a significant role.

26. In spite of the economic constraints facing the European Union, it would continue to work for the effective implementation of the Programme of Action for LDCs within various international mechanisms, including those provided by the Lomé Convention. He was looking forward to the arrangements to be decided for the elaboration of the preparatory activities for the Mid-term Global Review on the implementation of the Programme of Action.

27. The representative of the United Republic of Tanzania noted that the economic performance of some LDCs, as described in the Least Developed Countries 1993-1994 Report, had shown signs of improvement, but the overall situation remained dismal. The meeting of LDC Ministers in Vienna in June 1993 had voiced profound concern over the continuing deterioration of the socio-economic outlook in the LDCs. It was particularly discouraging that, while the LDCs had accomodated many of the donors' concerns in their reform programmes, their development partners had failed to live up to their commitments in the Programme of Action, especially in terms of external financial flows. The ODA/GNP ratio for the DAC donors had actually dropped from 0.09 per cent in 1989 to 0.08 per cent in 1991.

28. The debt relief measures for LDCs had so far proved to be inadequate in reducing their debt overhang. Stronger debt-relief measures were necessary, including full cancellation of all bilateral official debt and other measures aimed at substantially reducing the burden of debt owed to multilateral financial institutions and commercial creditors. He called for supportive implementation of special and differential measures for the LDCs, as contained in the declaration and decision in the Final Act of the Uruguay Round. The purpose should be to increase the share of LDCs in world trade through the granting of better terms of trade for

their commodities and other goods and services in order to improve their earnings and purchasing power.

29. The representative of Bhutan said that, despite competing demands for assistance funds due to the increasing number of global emergencies and humanitarian crises, the development partners had the requisite capacity to devise ways and means to provide required ODA support to LDCs. The overall progress in the implementation of the Programme of Action was far from satisfactory and the ODA flows had not improved since the adoption of the Programme.

30. He highlighted the progress made in terms of policy, institutional and administrative reforms in Bhutan in recent years. Those reforms included decentralization and increasing popular participation, growth of the private sector, and reforms in trade and industrial policy which emphasized processing activities for higher value-added. The modernization process was being carried out with due regard to Bhutan's fragile ecology. The Government had adopted a policy of preserving the country's rich bio-diversity by maintaining a minimum of 60 per cent of the forest cover, and it had recently signed a bilateral agreement on sustainable development with the Government of the Netherlands. Bhutan also attached great importance to preserving its traditional and cultural heritage. Regarding social services, universal child immunization had been achieved in 1990, infant mortality had been greatly reduced, and universal access to primary education was to be achieved by the year 2000.

31. With regard to the forthcoming Mid-term Global Review, he emphasized the need for the provision of adequate resources to facilitate the participation of the LDCs in the entire process leading up to the Mid-term Global Review Meeting and in the Meeting itself.

32. The representative of the United States commended the UNCTAD secretariat for the high quality of the background documentation, which contained much useful information and thoughtful analysis. The United States generally agreed with the conclusions of the Report, and in particular with the secretariat's analysis of the debt problem. Africa's debt burden was a serious constraint to development. The United States was working actively to alleviate the bilateral official debt burden for the LDCs, and had joined with other creditors in the Paris Club in forgiving 50 per cent of non-concessional debt for LDCs on reform programmes. Moreover, in addition to $831 million in ODA debt forgiveness in 1990-1992 for 12 LDCs, the United States had also forgiven $400 million in food aid debt. Most African

countries eligible to participate in this programme had had a total write-off of all concessional debt owed to the United States.

33. As regards structural adjustment, the process could not be viewed as leading immediately to economic recovery, but should be seen rather as a necessary first step. It must also be accompanied by other measures such as privatization to improve the business climate before economic recovery could be expected. The LDCs' marginalization in world trade arose not only from their dependence on primary products, but also from the significant loss of market shares to other, more efficient producers. African nations needed to address their lack of competitiveness to avoid losing even more of their traditional exports to others. Meanwhile, diversification into other products and manufacturing would be helpful, but must be addressed with care. Investment decisions should best be left to the private sector. LDCs needed to reform and liberalize aggressively if they were to avoid further economic decline and marginalization.

34. The representative of Ethiopia said that the economic performance of African States in general and sub-Saharan Africa in particular had been disappointing over the last two decades, with GDP growth rates below the population growth rates. Despite an increase in the volume of exports of the region, the external sector had not performed well, largely because of unfavourable terms of trade, which had declined by more than 6 per cent. Growth momentum was seriously disrupted in most sub-Saharan Africa by domestic and external factors. Despite debt forgiveness and re-scheduling, the region's debt stock had changed little. It was against this dismal economic performance that structural adjustment programmes had been introduced in those countries. However, the support of the international community was far below what was required. Despite their bold economic reforms, the per capita income of LDCs had continued to decline each year since the adoption of the Programme of Action. The economic malaise of these countries required a collective effort and collaboration on the part of the international community, which included developed and developing countries, as well as international organizations.

35. Ethiopia was undertaking radical political and economic transformation. In its political reform, the country was in the process of establishing democratically elected government. In its economic reform, it was taking venturesome economic liberalization measures, accompanied by market deregulation and privatization, with a view to enhancing production in agriculture and the industrial sectors, stimulating exports and encouraging investment through foreign direct investment.

36. The representative of Japan said that, in 1992, Japan's total ODA disbursements to the LDCs had amounted to nearly $1 billion, which represented an increase of more than 9 per cent over 1990, when the Programme of Action had been adopted. The ratio of grant aid to bilateral ODA to LDCs in 1992 had stood at 92.8 per cent. Part of the grant aid was utilized for the alleviation of debt, as well as for balance-of-payments support. A good number of LDCs had been given debt-alleviation grants towards the repayment of principal and interest on loans since fiscal year 1978. As a consequence of the extended time frame for debt relief, which now covered agreements concluded with Japan between fiscal years 1978 and 1987, an additional $5.5 billion had been made available to LDCs, and nine additional LDCs had become eligible for Japan's debt relief. Japan had also provided balance-of-payments support in the form of grant aid totalling approximately $500 million in the first phase between 1987 and 1989, and nearly $600 in the second phase between 1990 and 1992. A third phase was to be implemented from 1993 to 1995 with $650 to $700 million. Japan offered LDCs duty-free entry and exemption from ceiling restrictions for all products covered by its generalized system of preference scheme.

37. As regards recent developments in LDCs, he noted that the economic performance of LDCs in general had not been very encouragaing in the 1990s. However, as noted in the 1992 and 1993-1994 issues of the Least Developed Countries Report, some LDCs had demonstrated good growth performance and had successfully begun to diversify their productive sector. The Government of Japan commended the efforts of these countries and hoped that they would continue to implement their adjustment programmes. He stressed that his Government was determined to continue and strengthen its assistance to LDCs.

38. The representative of Denmark, speaking on behalf of the Nordic countries, said that the economic performance of LDCs was varied, with encouraging recent trends in the Asian LDCs on the one hand and an increasingly bleak picture emerging from the African continent on the other. Many LDCs, and in particular in sub-Saharan Africa, were threatened by further marginalization, while there were some welcome signs of progress in about one-quarter of the LDCs. The development of those latter countries was marked by a deepening of the reform process and a strengthened capacity for good governance and respect for human rights. The Nordic countries subscribed to the conclusions of the Least Developed Countries 1993-1994 Report to the effect that no society had experienced industrial growth and structural transformation without a rise in the level of literacy, basic education and training; that the positive correlation between an enhanced status for women

on the one hand and a lower birth rate on the other was indisputable; that considerable potential existed for improving social policies in the LDCs without detriment to other important areas of expenditure; and that many LDCs would continue to depend critically on ODA, which should be linked more closely to long-term socio-economic objectives. It was thus essential that Governments in LDCs sustain the reforms undertaken and be ready to cushion the impact on vulnerable groups.

39. Human development meant development of the people for the people and by the people, which was the Agenda for the Social Summit in Copenhagen in 1995. To that end, the poor themselves, including women, must be given a possibility to participate actively in the decision-making process at all levels in their societies. Investment in basic education, health care and training was the foundation on which to build development and sustainable growth. Equally important was to give the poor ample employment opportunities, including, in the case of the rural poor, access to land. Furthermore, a concerted effort to halt and reverse population growth must be made.

40. In most LDCs, increased domestic resource mobilization still left huge financing gaps to be filled by external support. The Nordic countries stressed the importance of the 0.15 per cent ODA target for the LDCs. Pressures on available resources, due to the stagnation in the world economy, should never be used as a justification for aid diversion away from LDCs. She noted that according to this year's Report, the majority of LDCs remained among the hard- core debt-distressed countries in the developing world. Debt problems remained for many LDCs a serious obstacle to their economic recovery. For many debtors, the 50 per cent debt reduction granted by the Paris Club under the so-called Trinidad Terms was not sufficient. The Nordic countries therefore strongly supported initiatives to improve those terms. For some debtor countries, debt reduction of up to 80 per cent would be needed. The Nordic countries also supported the idea of rescheduling the whole stock of debt to allow poor countries to exit from further Paris Club treatment.

41. She further noted that the role and work performed by the LDC Division was most important to the follow-up of the Programme of Action, including the preparation of the Mid-term Global Review. The Division must be seen as a provider of inputs and information to the United Nations system in general.

42. The representative of China expressed concern over the overall situation of the LDCs, particularly the African LDCs. The external debt burden, including obligations arising from multilateral debt, continued to be very heavy for those countries. Moreover, their trading opportunities had contracted further. Many LDCs had launched economic and trade policy reforms in recent years, but massive external financial assistance was needed for sustained implementation of those reforms. He called upon the international community to enhance the volume and improve the quality of aid.

43. The Uruguay Round agreements would have significant implications for LDCs, and a comprehensive review of the results of the Round for LDCs was required. The LDCs would need additional trade preferences, ODA and debt relief to cope with the adverse consequences that might result from the agreements of the Round.

44. China had long-standing good relations with LDCs, and despite its being a developing country, it would continue to provide assistance to them within its means, including through such modalities as joint ventures for small and medium-scale enterprise development. China also supported the United Nations and its regional organizations in efforts to promote TCDC for LDCs.

45. The spokesman for the Group of 77 (Chile) underlined that the issues and problems confronting LDCs should be given the highest importance in UNCTAD. Some of those countries had been experiencing great human tragedies in recent times, and yet the international community appeared to remain relatively indifferent to their plight. Their political and social conflicts were in fact caused by pervasive poverty. For those countries to alleviate their poverty, they would have to attain growth rates in the range of 8 to 9 per cent, while their actual growth rate remained below 2 per cent.

46. In 1992-1993, LDCs had faced an unacceptable drop in food production of 11 per cent. To remedy this, UNCTAD should intensify contact with FAO and the regional commissions, especially in the field of agricultural development.

47. Despite international awareness of the problems facing the LDCs, aid and capital flows to them had not increased. ODA needed to be substantially increased in volume and greatly improved in quality. LDCs required greater investment so as to procure new technology, and as they were lacking in human resources, manpower training was as crucial as health and education programmes.

48. He voiced concern over the fate of the LDCs in the wake of the Uruguay Round. It was hard to see how LDCs could benefit from the expected gains in trade, because many of these countries lacked the means and resources, to undertake diversification of production. Without the required resources there would be no growth, and dire poverty would continue for many more decades.

49. As regards the Mid-term Global Review on the Programme of Action, the UNCTAD secretariat required adequate resources so as to be able to adequately and comprehensively prepare for the Review, and resources were also needed to ensure adequate representation of the LDCs at the meeting. He regretted that the General Assembly and its Fifth Committee had repeatedly denied additional resources to LDCs and also to UNCTAD's work in favour of LDCs. Without proper preparation and representation, the Mid-term Global Review would have the same results as the Consultative Group and Round Table meetings: the beneficiary Governments, having lacked the means to prepare themselves, would see the agenda and priorities imposed on them by the international financial institutions. If adequate resources were not forthcoming for the ongoing work of UNCTAD on the LDCs, as well as for the Mid-term Global Review and its preparatory meetings, including the donor-recipient meeting, the Review would have no impact and would soon be forgotten.

50. The representative of the United Nations Development Programme (UNDP) said that the sustainability of reforms depended on national capacity-building. However, capacity-building, which went to the heart of sustainable human development, had been neglected in development strategies. In the past, the development community had relied on three basic tools for capacity-building, namely education and training, technical co-operation and civil service reform. The record of all three tools had so far been poor, and new approaches were needed. Capacity-building was the ability to get things done, and this capacity had to be permanent and adaptable to changing circumstances. It should not be equated with training and education. She emphasized that, in LDCs, a great deal had been invested in education and training, but an important problem of under-utilization of human resources remained.

51. UNDP had recently published a book entitled "Rethinking Technical Co-operation - Reforms for Capacity Building in Africa", which documented in a comprehensive way the trends, the history and the current issues involved in efforts to enhance the effectiveness of technical cooperation. The publication highlighted the importance of reform, as technical co-operation represented about a quarter of all aid flows. Technical co-operation as currently conceived had changed little since it was first introduced in the early 1950s. It continued to emphasize the provision of external

expertise and training, and thus had not been a useful instrument for addressing some of the other fundamental questions of capacity, e.g. capacity utilization, management and financial environment, and the environment of other institutions, both private and public. She stressed the need to develop a new type of development assistance that was targeted at capacity-building and capacity utilisation.

52. The record of civil service reform in LDCs had not been encouraging, although some positive experience had been acquired. She emphasized the importance of "good governance" for mobilizing and motivating people to work for the future of their communities.

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Special Sessional Committee

REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

Draft Agreed Conclusions of the Special Sessional Committee

Introduction

1. The Special Sessional Committee of the Trade and Development Board, in accordance with General Assembly resolution 45/206, conducted the fourth annual review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s, with the Least Developed Countries 1993-1994 Report as the background document. Delegations commended the UNCTAD secretariat for the high quality of this Report which contained very useful information and analyses. The Committee noted that it is the only Report of the UN system which focuses exclusively on the development problematique of the LDCs and that it is of particular value to the Governments of these countries and their development partners. The Committee emphasized the focal role of UNCTAD with regard to issues pertaining to LDCs and in that connection recalled that General Assembly resolution 48/171 called upon UNCTAD to initiate further innovative measures to provide and mobilize financial and technical support for the effective implementation of the Programme of Action. It stressed that the international community should provide full support to the activities of UNCTAD in this regard. In order to ensure that LDCs are given the special attention they require, the Committee stressed that the issues pertaining to this group of countries should be more fully integrated in the work of UNCTAD.

2. The Committee also had an informal exchange of views and a fruitful debate on country-level experience with the implementation of the Programme of Action. The participation of Ministers and high-ranking officials and experts from LDCs and their development partners at the informal sessions significantly contributed to a constructive dialogue.

Recent growth performance

3. The Committee was encouraged that roughly one quarter of the least developed countries achieved good growth with per capita output rising during the early 1990s. However, for LDCs as a whole, per capita income declined during this period leading to deteriorating living conditions particularly in many African LDCs. The Committee was concerned that the development outlook of most LDCs remained sombre. Unpredictable weather conditions, natural disasters, and the unfavourable external situation continued to contribute to the poor performance of LDCs. Political conflicts and civil strifes in some LDCs have serious implications for their development prospects, and it was important to bring such conflicts to an early and peaceful settlement.

Human capacity building

4. The Committee underscored that investment in basic education, training and health care is the foundation on which to build sustainable growth and development in LDCs. Concern was expressed at the loss of scarce skilled human resources from LDCs and the Committee stressed the need for effective incentives to retain these resources. The Committee pointed out that policies in the areas of education, training and health care could be further improved without detriment to other important sectors of expenditure. An important reason for LDCs to give higher priority to health and education is because of their impact on demographic trends: there is a positive correlation between enhanced status and better education and health of women and lower birth rates and improved productivity.

Adjustment and reforms

5. The Committee noted with appreciation that in recent years most LDCs embarked on a process of structural adjustment and wide-ranging reforms including privatization. This process can guarantee neither immediate results nor equitable sharing of costs and benefits, but the efforts of these countries provide a context in which growth and structural transformation could reinforce each other. External financing is often critical to this process. There is evidence that ambitious and sustained economic reforms, underpinned by external support, have improved economic performance of a number of LDCs. Donor countries were invited to provide adequate

resources for the implementation of these programmes. The need for LDCs' ownership of adjustment and reform programmes and for continued commitment of both LDCs and their development partners to their sustained implementation were stressed. It was recommended that the adjustment packages should be consistent with long-term priorities of LDCs and take into consideration possible social and political consequences. These reforms should also take into account the diversity of conditions and circumstances in the countries concerned and be implemented in a flexible manner.

ODA and debt

6. The Committee noted with great concern that ODA remained the single most important source of external financing for LDCs. It welcomed improved aid performance by some donors and strongly urged all donors to make urgent and intensified efforts to fulfil the ODA targets and commitments undertaken in the Programme of Action. The Committee was of the view that greater priority should be accorded to social sector programmes in allocating ODA. The donor countries were invited to adjust upwardly the aid targets and commitments contained in the Programme of Action so as to reflect fully the additional resource requirements of the LDCs, including those added to the list of LDCs following the Second United Nations Conference on the Least Developed Countries.

7. The Committee noted with concern that the debt burden of LDCs, particularly those in Africa, is a serious constraint to their development. Appreciation was expressed for cancellations of ODA debt of LDCs undertaken by many creditor countries, and for the enhanced measures taken in the Paris Club to alleviate LDCs' debt. The donor countries were asked to continue with these measures. These measures, however, have not been adequate for debt-distressed LDCs. It was emphasized by many countries that much stronger initiatives are required to improve the current terms of debt-relief for bilateral official debt. The Committee noted with particular concern the increasing share of multilateral obligations in the overall debt stock and debt servicing of LDCs. The LDCs, and some donors, called for improvement and continuation of the scope and coverage of existing debt relief schemes and mechanisms, including those relating to debt service obligations to multilateral institutions. In this connection many countries welcomed initiatives such as the replenishment through IMF/ESAF provided to alleviate this part of LDCs' debt. The Committee drew attention to the commercial debt of LDCs and called for further action for the alleviation of such debt.

External Trade

8. The Committee noted that the extremely low export capacity of most of the LDCs continues to be one of the major obstacles to growth and a source of their special dependence on ODA for financing, necessary investment, imports and technical support for development. The Committee welcomed the adoption of trade liberalization policies and measures by an increasing number of LDC; however, difficulties persist in expanding their external trading opportunities. Commodity and market diversification measures have been rendered difficult principally by lack of investment, technology and skills to augment levels of production and efficiency. UNCTAD should undertake a careful examination of the implications and opportunities for the LDCs of the Final Act of the Uruguay Round and suggest measures for removing any imbalances through, inter alia, additional trade preferences, financial assistance and debt relief. The special and differential measures for LDCs included in the Final Act should be implemented expeditiously and in a supportive manner. UNCTAD and ITC, according to their competence, should also provide technical assistance to LDCs in order to strengthen their capacity to implement the provisions of the Final Act of the Uruguay Round and to derive full benefits from the results of the Round. The provision of such assistance would be enhanced through further continued cooperation between UNCTAD and GATT/WTO.